

FY 2014-2015

Part 1 of 1



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

CHARITABLE SOLICITATION LICENSING

VIA REGULAR MAIL

June 12, 2015

Ms. Debbie Hancock,
Executive Director
Compassion to Act, Inc.
P.O. Box 541
Waxhaw, NC 28173

**RE: 2014 CSL 04901 – Compassion to Act, Inc.
Settlement Agreement**

Dear Ms. Hancock:

The Charitable Solicitation Licensing Division (hereinafter referred to as "CSL") received the signed Settlement Agreement on behalf Compassion to Act, Inc. and agreed upon penalty payment in the amount of five hundred dollars (\$500.00). Please find enclosed a fully executed copy of the Settlement Agreement for this matter.

Please be aware that CSL is monitoring Compassion to Act, Inc.'s licensure status to ensure the organization's charitable solicitation license is timely renewed thereby fulfilling the conditions of the Settlement Agreement. As you are aware, CSL issued Compassion to Act, Inc. a probationary license that expired on May 15, 2015. However, Compassion to Act, Inc. was subsequently granted an extension to renew its license which expires on July 15, 2015.

In order to fulfill the agreement, Compassion to Act, Inc. must timely renew its license in the future and failure to do so may result in CSL refusing to register the organization and the issuance of an Administrative Order with additional financial penalties.

Please contact me if you have questions or need further information regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Verlyn C. Porte", written over a horizontal line.

Verlyn C. Porte
Attorney & Enforcement Supervisor



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
LICENSING DIVISION

SECRETARY OF STATE

CHARITABLE SOLICITATION

SETTLEMENT AGREEMENT

VIA ELECTRONIC MAIL TO: compassiontoact@gmail.com

Ms. Debbie Hancock
Executive Director
Compassion to Act, Inc.
P. O. Box 541
Waxhaw, NC 28173

In the Matter of: Compassion to Act, Inc.
CSL FILE NO.: 2014 CSL 04901

This Settlement Agreement is entered into by the North Carolina Department of the Secretary of State [hereinafter "Department"] Charitable Solicitation Licensing Division [hereinafter "CSL"] and Compassion to Act, Inc. to set forth the terms of agreement for payment of financial penalties assessed in an Administrative Order for Penalties and to Cease and Desist Solicitation Activities issued on August 5, 2014 by CSL. This Order imposed penalties pursuant to the North Carolina Charitable Solicitation Act, §131F-1 *et seq.* and/or Rules implementing the Act.

WHEREAS, CSL is charged with charitable solicitation licensing and enforcement in North Carolina under the Charitable Solicitation Act and Chapter 11 of Title 18 of the North Carolina Administrative Code; and

WHEREAS, on August 5, 2014, CSL issued an Administrative Order for Penalties and to Cease and Desist Solicitation Activities (hereinafter referred to as "Order 1") signed by CSL Director, Heather L. Black, to Compassion to Act, Inc. assessing \$1,000.00 (ONE THOUSAND DOLLARS) in financial penalties pursuant to the Charitable Solicitation Act and/or relevant Rules; and

WHEREAS, the Order was properly served and included a Notice of Appeal Rights to the Office of Administrative Hearings (OAH) in compliance with Article 3 of the North Carolina Administrative Procedure Act, N.C. Gen. Stat. §150B; and

WHEREAS, Compassion to Act, Inc. has not appealed the Order entered on August 5, 2014 by CSL, or satisfied the financial penalty therein; and

WHEREAS, on January 26, 2015, CSL received Compassion to Act, Inc's Solicitation License Application which satisfied the requirements for issuance of a charitable solicitation license pursuant to N.C.G.S. §131F-23(e)(4); and

WHEREAS, on February 5, 2015, CSL issued an Administrative Order Refusing to Register Entity and to Cease and Desist Solicitation Activities (hereinafter referred to as "Order 2") signed by CSL Director, Heather L. Black, to Compassion to Act, Inc., demanding that Compassion to Act satisfy the payment of the penalty issued on August 5, 2014, before the issuance of a charitable solicitation license; and

WHEREAS, the Order was properly served and included a Notice of Appeal Rights to the Office of Administrative Hearings in compliance with Article 3 of the North Carolina Administrative Procedure Act, N.C. Gen. Stat. §150B; and

WHEREAS, Compassion to Act, Inc. has not appealed the Order entered on February 5, 2015 by CSL; and instead desires to enter into a settlement agreement to satisfy the financial penalty and both aforementioned Orders; and

WHEREAS, Debbie Hancock, Executive Director of Compassion to Act, Inc., contacted Heather Black, CSL Director, via electronic mail message regarding payment of the assessed penalty; and

WHEREAS, negotiations have been successful between the parties concerning the settlement agreement terms;

THEREFORE, the parties have agreed to settle all outstanding issues through this Settlement Agreement, the specific terms of which are listed in the subsequent numbered paragraphs. The parties hereby agree as follows:

1. Compassion to Act, Inc. through its Executive Director, Debbie Hancock, and the Department through CSL Director, Heather L. Black, agrees to the terms as outlined further in this Settlement Agreement to resolve all issues, including the financial penalties assessed in the Order issued by CSL to Compassion to Act, Inc. on August 5, 2014.

2. Compassion to Act, Inc. shall send two notarized copies of the original Settlement Agreement along with penalty payment in the amount of \$500.00 (FIVE HUNDRED DOLLARS) to be received by CSL on or before February 28, 2015 by the close of business (5:00 p.m.). This document shall be sent to the attention of Heather Black, CSL Director, to one of the following addresses:

For regular mail, use the following address:

Heather Black, CSL Director
North Carolina Department of the Secretary of State
Charitable Solicitation Licensing Division
Post Office Box 29622
Raleigh, NC 27626-0622

For overnight mail, use the following address:

Heather Black, CSL Director
North Carolina Department of the Secretary of State
Charitable Solicitation Licensing Division
2 South Salisbury Street
Raleigh, NC 27601

3. If the two copies of the fully executed settlement agreement and \$500.00 (FIVE HUNDRED DOLLARS) penalty payment are not received on or before the February 28, 2015

deadline, without further notice, CSL will issue an Order to assess further penalties up to \$1,000.00 (ONE THOUSAND DOLLARS) per day for each day the settlement agreement is not received.

4. CSL agrees to issue Compassion to Act, Inc. a probationary charitable solicitation license effective the date of satisfaction of the financial penalty and Settlement Agreement with an expiration date of May 15, 2015.

5. Compassion to Act, Inc. agrees that by entering into this Settlement Agreement, it will renew its charitable solicitation license within the timeline established by CSL's policy; and acknowledges that failure to timely renew its charitable solicitation license may result in CSL's refusal to license the entity and the issuance of additional financial penalties.

7. Compassion to Act, Inc. acknowledges that by entering into this Settlement Agreement, it agrees not to contest Order 1 and Order 2, and any of the provisions of the aforesaid Orders, whether or not the challenge is barred by the applicable statute of limitations.

8. The parties agree that CSL does not waive any authority on behalf of the Secretary of State to take action in the future for any and all violations of the Charitable Solicitation Act, N. C. Gen. Stat. § 131F-1 *et seq.* and the relevant Rules provisions found in Chapter 11 of Title 18 of the North Carolina Administrative Code.

9. Entry into this Settlement Agreement by Compassion to Act, Inc. is not an admission of liability for the violations set forth in the Orders of August 5, 2014 and February 5, 2015. Compassion to Act, Inc., however, does not dispute that the facts set forth in the Orders are accurate. CSL does not concede by entering into this Settlement Agreement that it would not have prevailed at a hearing on this matter. The parties, however, agree that this Settlement Agreement is a compromise that avoids the time and expense of hearing.

10. The parties agree that all parts of the Orders issued by CSL on August 5, 2014 and February 5, 2015, which are not addressed specifically in this Settlement Agreement are considered resolved without further proceedings related to this contested case.

11. This Settlement Agreement shall be given effect and shall be construed under the laws of the State of North Carolina, which retains jurisdiction of this matter.

12. The undersigned individuals represent that they have the legal capacity and authority to bind the entities on whose behalf they are signing with regard to all issues addressed by and resolved in this Settlement Agreement.

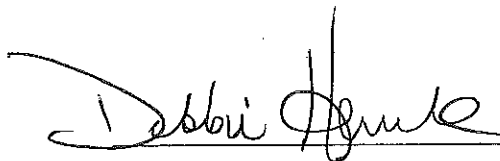
13. All parties acknowledge that they have entered into this Settlement Agreement freely and voluntarily and without any coercion.

14. All parties further acknowledge that they have read and understand the terms of this Agreement and that they have had the opportunity to consult with counsel in deciding whether to enter into this Agreement.

15. This Settlement Agreement constitutes the entire agreement reached by the parties hereto. Any discussions outside the terms of this Agreement are not a part hereof.

16. Any modifications to this Settlement Agreement must be in writing and signed by all parties.

17. This Settlement Agreement shall first be signed by Debbie Hancock, Executive Director, Compassion to Act, Inc., under oath before a Notary Public and then forwarded to Heather L. Black, CSL Director, for signature. The Agreement is effective on the date on which Debbie Hancock, Executive Director, signs under oath before a Notary Public on behalf of Compassion to Act, Inc.



Debbie Hancock, Executive Director

Compassion to Act, Inc.

Sworn to and subscribed before me,

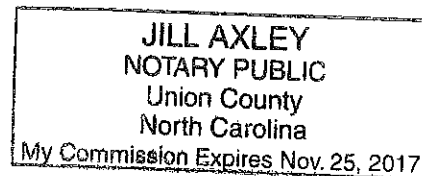
This the 27 day of February, 2015.

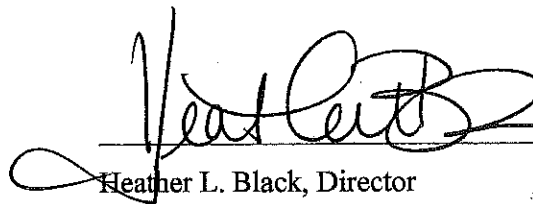

Notary Public

Union North Carolina
County and State

My commission expires: 11/25/2017

SEAL

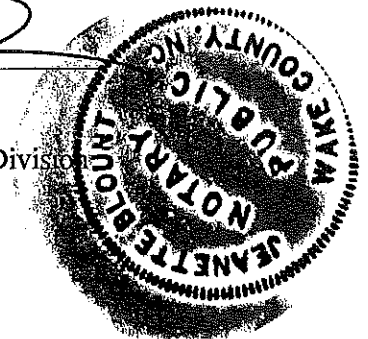




Heather L. Black, Director

Charitable Solicitation Licensing Division

North Carolina Secretary of State



Sworn to and subscribed before me,

This the 6 day of March, 2015.

Jeanette Blount
Notary Public

Wake, North Carolina
County and State

SEAL



My commission expires: 01-27-2016



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

CHARITABLE SOLICITATION LICENSING

VIA REGULAR MAIL

June 12, 2015

Mr. Alfred Kalahati, President
Blue Ridge Pride, Inc.
P.O. Box 2044
Asheville, NC 28802

Mr. Dustin McIntee, Esq.
Attorney for Blue Ridge Pride, Inc.
McIntee Law, PLLC
One Oak Plz, Ste 209
Asheville, NC 28801

**RE: 2015 CSL 03963 – Blue Ridge Pride, Inc.
Settlement Agreement**

Dear Mr. Kalahati:

The Charitable Solicitation Licensing Division (hereinafter referred to as "CSL") received the signed Settlement Agreement on behalf Blue Ridge Pride, Inc. and agreed upon penalty payment in the amount of eight hundred dollars (\$800.00). Please find enclosed a fully executed copy of the Settlement Agreement for this matter.

Please be aware that CSL will monitor Blue Ridge Pride Inc.'s licensure status to ensure the organization's charitable solicitation license is timely renewed thereby fulfilling the conditions of the Settlement Agreement. In the future, if Blue Ridge Pride, Inc. fails to timely renew its charitable solicitation license, CSL may issue an Administrative Order and assess additional financial penalties.

Please contact me if you have questions or need further information regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Verlyn C. Rorte".

Verlyn C. Rorte
Attorney & Enforcement Supervisor

POST OFFICE BOX 29622, RALEIGH, NC 27626-0622
PHONE: 919.807.2214 – FAX: 919.807.2220
CSL@SOSNC.COM
WWW.SOSNC.COM



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

CHARITABLE SOLICITATION LICENSING DIVISION

SETTLEMENT AGREEMENT

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Alfred Kalahati, President
Blue Ridge Pride, Inc.
P.O. Box 2044
Asheville, NC 28802

In the Matter of: Blue Ridge Pride, Inc.
CSL FILE NO.: 2015 CSL 03963

This Settlement Agreement is entered into by the North Carolina Department of the Secretary of State [hereinafter "Department"] Charitable Solicitation Licensing Division [hereinafter "CSL"] and Blue Ridge Pride, Inc. to set forth the terms of agreement for payment of financial penalties assessed in an Administrative Order for Penalties and to Cease and Desist Solicitation Activities issued on April 21, 2015 by CSL. This Order imposed penalties pursuant to the North Carolina Charitable Solicitation Act, §131F-1 *et seq.* and/or Rules implementing the Act.

WHEREAS, CSL is charged with charitable solicitation licensing and enforcement in North Carolina under the Charitable Solicitation Act and Chapter 11 of Title 18 of the North Carolina Administrative Code; and

WHEREAS, on April 21, 2015, CSL issued an Administrative Order for Penalties and to Cease and Desist Solicitation Activities (hereinafter referred to as "Order") signed by CSL Director, Heather L. Black, to Blue Ridge Pride, Inc. assessing \$1,000.00 (ONE THOUSAND DOLLARS) in financial penalties pursuant to the Charitable Solicitation Act and/or relevant Rules; and

WHEREAS, the Order was properly served and included a Notice of Appeal Rights to the Office of Administrative Hearings (OAH) in compliance with Article 3 of the North Carolina Administrative Procedure Act, N.C. Gen. Stat. §150B; and

WHEREAS, Blue Ridge Pride, Inc. has not appealed the Order entered on April 21, 2015 by CSL, and instead desires to enter into a settlement agreement to satisfy the financial penalty assessed in the aforementioned Order; and

WHEREAS, on May 8, 2015, CSL received Blue Ridge Pride, Inc.'s solicitation license application which satisfied the requirements for issuance of a charitable solicitation license pursuant to N.C.G.S. §131F-23(e)(4); and

WHEREAS, Dustin McIntee, Attorney for Blue Ridge Pride, Inc. contacted Verlyn C. Porte, CSL Attorney, via electronic mail message regarding payment of the assessed penalty; and

WHEREAS, negotiations have been successful between the parties concerning the settlement agreement terms;

THEREFORE, the parties have agreed to settle all outstanding issues through this Settlement Agreement, the specific terms of which are listed in the subsequent numbered paragraphs. The parties hereby agree as follows:

1. Blue Ridge Pride, Inc. through its president, Alfred Kalahati, and the Department through CSL Director, Heather L. Black, agrees to the terms as outlined further in this Settlement Agreement to resolve all issues, including the financial penalties assessed in the Order issued by CSL to Blue Ridge Pride, Inc. on April 21, 2015.

2. Blue Ridge Pride, Inc. shall send two notarized copies of the original Settlement Agreement along with penalty payment in the amount of \$800.00 (EIGHT HUNDRED DOLLARS) to be received by CSL on or before June 5, 2015 by the close of business (5:00 p.m.). This document shall be sent to the attention of Heather Black, CSL Director, to one of the following addresses:

For regular mail, use the following address:

Heather Black, CSL Director
North Carolina Department of the Secretary of State
Charitable Solicitation Licensing Division
Post Office Box 29622
Raleigh, NC 27626-0622

For overnight mail, use the following address:

Heather Black, CSL Director
North Carolina Department of the Secretary of State
Charitable Solicitation Licensing Division
2 South Salisbury Street
Raleigh, NC 27601

3. If the two copies of the fully executed settlement agreement and \$800.00 (EIGHT HUNDRED DOLLARS) penalty payment are not received on or before the June 5, 2015 deadline, without further notice, CSL will issue an Order to assess further penalties up to \$1,000.00 (ONE THOUSAND DOLLARS) per day for each day the settlement agreement is not received.

4. CSL agrees to issue Blue Ridge Pride, Inc. a charitable solicitation license effective the date of satisfaction of the financial penalty and Settlement Agreement with an expiration date of May 15, 2016.

5. Blue Ridge Pride, Inc. agrees that by entering into this Settlement Agreement, it will renew its charitable solicitation license within the timeline established by CSL's policy; and acknowledges that failure to timely renew its charitable solicitation license may result in CSL's refusal to license the entity and the issuance of additional financial penalties.

7. Blue Ridge Pride, Inc. acknowledges that by entering into this Settlement Agreement, it agrees not to contest the April 21, 2015 Order, and any of the provisions of the aforesaid Order, whether or not the challenge is barred by the applicable statute of limitations.

8. The parties agree that CSL does not waive any authority on behalf of the Secretary of State to take action in the future for any and all violations of the Charitable Solicitation Act, N. C. Gen. Stat. § 131F-1 *et seq.* and the relevant Rules provisions found in Chapter 11 of Title 18 of the North Carolina Administrative Code.

9. Entry into this Settlement Agreement by Blue Ridge Pride, Inc. is not an admission of liability for the violations set forth in the Order of April 21, 2015. Blue Ridge Pride, Inc., however, does not dispute that the facts set forth in the Order are accurate. CSL does not concede by entering into this Settlement Agreement that it would not have prevailed at a hearing on this matter. The parties, however, agree that this Settlement Agreement is a compromise that avoids the time and expense of hearing.

10. The parties agree that all parts of the Order issued by CSL on April 21, 2015, which are not addressed specifically in this Settlement Agreement are considered resolved without further proceedings related to this contested case.

11. This Settlement Agreement shall be given effect and shall be construed under the laws of the State of North Carolina, which retains jurisdiction of this matter.

12. The undersigned individuals represent that they have the legal capacity and authority to bind the entities on whose behalf they are signing with regard to all issues addressed by and resolved in this Settlement Agreement.

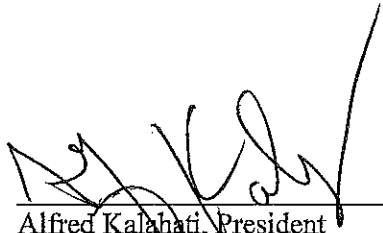
13. All parties acknowledge that they have entered into this Settlement Agreement freely and voluntarily and without any coercion.

14. All parties further acknowledge that they have read and understand the terms of this Agreement and that they have had the opportunity to consult with counsel in deciding whether to enter into this Agreement.

15. This Settlement Agreement constitutes the entire agreement reached by the parties hereto. Any discussions outside the terms of this Agreement are not a part hereof.

16. Any modifications to this Settlement Agreement must be in writing and signed by all parties.

17. This Settlement Agreement shall first be signed by Alfred Kalahati, President, Blue Ridge Pride, Inc, under oath before a Notary Public and then forwarded to Heather L. Black, CSL Director, for signature. The Agreement is effective on the date on which Alfred Kalahati, President, signs under oath before a Notary Public on behalf of Blue Ridge Pride, Inc.


Alfred Kalahati, President
Blue Ridge Fide, Inc.

Sworn to and subscribed before me,

This the 28th day of May, 2015.




Notary Public Dustin J. McIntee



SEAL

Buncombe Co, NC
County and State

My commission expires: February 2, 2019


Heather L. Black, Director
Charitable Solicitation Licensing Division
North Carolina Secretary of State

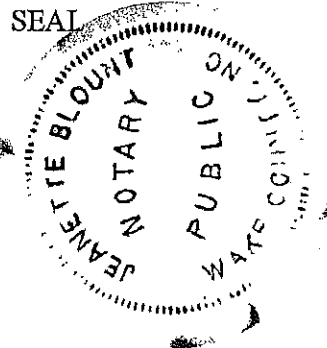
Sworn to and subscribed before me,

This the 4 day of June, 2015.


Notary Public

Wake North Carolina
County and State

My commission expires: 6-27-2016



SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT ("Agreement") is entered into on the 16th day of October, 2015, by and between the State of North Carolina, on relation of its Attorney General, Roy Cooper and its Secretary of State, Elaine Marshall, (hereinafter "the State") and Steps & Stages: Disabled Veterans Resource Agency, Inc. (hereinafter "Steps & Stages"). The State and Steps & Stages are sometimes referred to collectively herein as the "Parties."

A. FACTUAL BACKGROUND AND BASIS FOR AGREEMENT

1. Steps & Stages filed incorporation papers as a nonprofit corporation pursuant to Chapter 55A of the North Carolina General Statutes effective December 31, 2007, and is recognized by the Internal Revenue Service as a 501(c)(3) tax exempt entity. Barbara Summey Marshall ("Ms. Marshall" or "Barbara Marshall") founded Steps & Stages, and acted as its President until July 15, 2015.

2. In approximately July of 2012, the Department of the Secretary of State's Charitable Solicitation Licensing Division ("Department") began an investigation into Steps & Stages. As part of its investigation, the Department made numerous requests for information about Steps & Stages' finances and operations that were never fully answered.

3. The Office of the Attorney General joined the investigation. On June 15, 2015, the State sent Steps & Stages and Ms. Marshall a letter that detailed the ways in which Steps & Stages was not operating in accordance with the law. Attached to the letter was a draft complaint which provided more detail, including questions and concerns about whether and to what extent funding provided by Ms. Marshall to Steps & Stages had been donations or loans.

4. The June 15th letter required Steps & Stages to take certain actions within twenty days or face a lawsuit by the State seeking dissolution of Steps & Stages. To date, Steps & Stages has not fully complied with the requirements of the letter.

5. On July 15, 2015, Barbara Marshall nominated new members for the board of Steps & Stages. Barbara Marshall signed a statement giving this board, which did not include herself, the full governance of Steps & Stages.

6. The Board of Steps & Stages considers itself an interim board, charged with safeguarding the assets of Steps & Stages until they can be transitioned to an appropriate religious or nonprofit organization that is qualified to operate them as transitional housing, with preference given to the extent practicable to disabled female veterans (and their minor children) or, if there are available beds and no disabled female veterans seeking services, to veterans (and their minor children).

7. To date, Barbara Marshall has not unequivocally relinquished her roles at Steps & Stages. Moreover, the records of Steps & Stages are unclear as to whether Barbara Marshall's daughter, Maya Marshall remains a board member and officer of Steps & Stages.

8. The Board has amended Steps & Stages' bylaws to omit references to a Founding Member with perpetual status as a board member and President/CEO and to reflect the increased size of the Board.

B. AGREEMENT AND COVENANTS OF THE PARTIES

Based upon the foregoing, and in consideration for the other party's undertakings herein, the State and Steps & Stages covenant and agree as follows:

1. As of the date of this Agreement, the Board of Steps & Stages consists of the following individuals and no others: Barbara J. Spigner, Billy R. King, Larry Gordon, and

Crystal Spigner-Williams. Nothing in this Agreement prevents the Steps & Stages Board from having different members, provided that such changes in membership are accomplished as provided for in the then-current Steps & Stages Bylaws and Articles of Incorporation.

2. Steps & Stages shall use its best efforts to obtain formal written resignations from Barbara Marshall and Maya Marshall. The written resignations shall also release any claims that Barbara Marshall and Maya Marshall may have or assert against Steps & Stages. The resignations must be in a form acceptable to the State.

3. Within five days of the execution of this Agreement, the Board must take all necessary actions and make all necessary efforts to secure and take full control of the assets of Steps & Stages.

4. Within seven days of the execution of this Agreement, the Board must have a written plan for interim operations.

5. Within fourteen days of the execution of this Agreement, the Board must adopt a formal plan of dissolution, including a detailed process for identifying a suitable nonprofit corporation or religious organization that is qualified to operate the assets of Steps & Stages as transitional housing, with preference given to the extent practicable to disabled female veterans (and their minor children) or, if there are available beds and no disabled female veterans seeking services, to veterans (and their minor children).

6. Within twenty-one days of the execution of this Agreement, the Board must deliver a written request for expression of interest to any and all potentially qualified nonprofit corporation or religious organizations it has identified as potential recipients of Steps & Stages' assets in the exercise of the Board members' duties of good faith and loyalty.

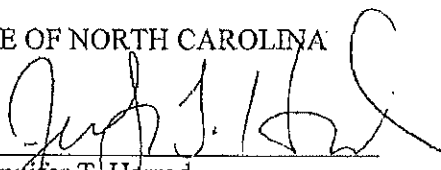
7. By December 15, 2015, the Board must decide which organization or organizations will be the recipient of Steps & Stages' assets. Steps & Stages must give notice to the Office of the Attorney General of North Carolina pursuant to NC Gen. Stat. 55A-12-02(g) on or before December 15, 2015. The Attorney General does not waive review of the transfer of Steps & Stages' assets.

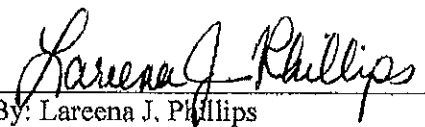
8. The Board must take the necessary steps to formally dissolve Steps & Stages within thirty days of the Attorney General's Office issuing notice that it has completed its review and does not object to the proposed transfer of assets or does not object subject to conditions which the Board is prepared to satisfy. the

9. If Steps & Stages fails to take any of these actions within the required time frame, then the State may seek to enforce this Agreement in Superior Court of Cumberland County with no notice or opportunity to cure; provided however, that extension of each of the deadlines within this Agreement may be obtained as follows: (a) no less than three business days prior to the expiration of a deadline, the Board makes a written request which sets forth both a reasonable basis for extension and a reasonable extension period and (b) the State agrees to such extension in writing.

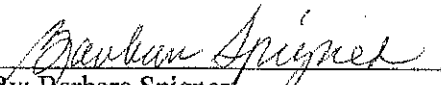
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date stated above.

STATE OF NORTH CAROLINA


By: Jennifer T. Harrod
Special Deputy Attorney General
Consumer Protection Division
NC Department of Justice


By: Lareena J. Phillips
Assistant Attorney General
Counsel to the Department
of the Secretary of State
NC Department of Justice

Steps & Stages


By: Barbara Spigner
Chair of the Steps & Stages Board of Directors